

**Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201**

Department of the Treasury

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Employer Identification Number:

Contact Person - ID Number:

Contact Telephone Number:

UIL 4945.04-04

LEGEND

**X= Organization's name
Y= Program's name
Z= Geographic location
R= School Name
b= Amount of scholarship
S= Family Name**

Dear :

We have considered the request of the applicant named X, for advance approval of a grant-making program under section 4945(g)(1) of the Internal Revenue Code, dated July 24, 2009.

Our records indicate that X was recognized as exempt from Federal income tax under section 501(c)(3) of the Code and that it is classified as a private foundation as defined in section 509(a).

Your letter indicates that X will operate a grant-making program called Y.

The X will be providing scholarships to graduating high school seniors of R, who have demonstrated a high level of academic ability and personal character, and are pursuing higher education in the areas of agriculture, education, or both. Therefore, Y has been established by X. Each year a letter will be sent by X to the principal of R advising them of the available scholarship. X expects to award at least one scholarship in the amount of b each year. The scholarships will not be renewable.

The program will be conducted in Z and will be available to graduating R students who have demonstrated a high level of academic ability and personal character and are pursuing higher education in the areas of agriculture, education, or both.

The applicants must complete an application which will show the name and address of the applicant and the intended purpose of the grant. The applicant must disclose any blood or legal, familial relationship (if any) to scholarship committee members, officers, trustees or donors of funds. Any such relationship shall immediately disqualify the applicant. The applicant must prepare and submit a one page essay describing his or her educational goals and plans for achieving those goals. The applicant must submit two letters of recommendation, each letter written by an independent person such as a teacher, spiritual adviser, coach, or other adult with firsthand knowledge of the applicant's academic abilities and/or character.

The scholarship committee shall consist of three persons, all members of S and at least one director of X.

The scholarship committee will review all applications and supporting documentation and, through an objective and nondiscriminatory selection process, choose one or more recipients of the annual cash award. In even numbered years, the preference of the committee will be to provide the award to a student pursuing studies in agriculture, and in odd numbered years, the preference will be a student pursuing studies in education. The objective and nondiscriminatory selection process is based solely on academic excellence and need. The applicants will be ranked on their academics and financial needs. The academically highest ranking student with the greatest need will be selected. The committee shall independently confirm the applicant's academic standing and ability to achieve his/her goals. Funds shall be distributed on behalf of the recipient directly to the recipient's chosen college or university.

X indicated that records will be maintained of the information used to evaluate the qualifications of potential grantees; identification of the grantees (including any relationship of any grantee to X), the amount and purpose of each grant; and all grantee reports and other follow-up data obtained in administering the Y grant program.

Sections 4945(a) and (b) of the Code impose certain excise taxes on "taxable expenditures" made by a private foundation.

Section 4945(d)(3) of the Code provides that the term "taxable expenditure" means any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or other similar purposes by such individual, unless such grant satisfies the requirements of subsection (g).

Section 4945(g) of the Code provides that section 4945(d)(3) shall not apply to individual grants awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance if it is demonstrated that:

- (1) The grant constitutes a scholarship or fellowship grant which is subject to the provisions of section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii);
- (2) The grant constitutes a prize or award which is subject to the provisions of section 74(b), if the recipient of such prize or award is selected from the general public, or

- (3) The purpose of the grant is to achieve a specific objective, produce a report or similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the grantee.

Section 53.4945-4(c)(1) of the Regulations provides that to secure approval, a private foundation must demonstrate that:

- (i) Its grant procedure includes an objective and nondiscriminatory selection process;
- (ii) Such procedure is reasonably calculated to result in performance by grantees of the activities that the grants are intended to finance; and
- (iii) The foundation plans to obtain reports to determine whether the grantees performed activities that the grants are intended to finance.

Based on the information submitted and assuming your award programs will be conducted as proposed with a view to provide objectivity and nondiscrimination in making the awards, we have determined that your procedures for granting the awards comply with the requirements contained in section 4945(g) of the Code and that awards granted in accordance with such procedures will not constitute "taxable expenditures" within the meaning of section 4945(d)(3).

In addition, we have determined that awards made under your procedures are excludable from the gross income of the recipients subject to the limitations provided by section 117 of the Code.

This determination is conditioned on the understanding that there will be no material change in the facts upon which it is based. It is further conditioned on the premise that no grants will be awarded to foundation managers, or members of the selection committee, or for a purpose that is inconsistent with the purpose described in section 170(c)(2)(B) of the Code.

The approval of your award program procedures herein constitutes a one-time approval of your system standards and procedures designed to result in awards which meet the requirements of section 4945(g)(1) of the Code. This determination only covers the grant programs described above. Thus, approval shall apply to subsequent award programs only as long as the standards and procedures under which they are conducted do not differ materially from those described in your request.

Any funds you distribute to individuals must be made on a true charitable basis in furtherance of the purposes for which you are organized. Therefore, you should maintain adequate records and case histories so that any or all award distributions can be substantiated upon request by the Internal Revenue Service.

This determination is directed only to the organization that requested it. Section 6110(j)(3) of the Code provides that it may not be used or cited as a precedent.

You must report any future changes in your grant making procedures. Please keep a copy of this letter in your permanent records.

We have sent a copy of this letter to your representative as indicated in your power of attorney.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Robert Choi
Director, Exempt Organizations
Rulings and Agreements